

TODILTO

EXPLORATION AND DEVELOPMENT CORPORATION

G. WARNOCK
PRESIDENT

H.B. (CHICK) WARNOCK
SENIOR VICE PRESIDENT

V. MONDRAGON
VICE PRESIDENT/CONTROLLER

May 3, 1984

Mr. Thomas Lynch
Real Property Management
Bureau of Indian Affairs
Navajo Area Office
Windowrock, Arizona 86515

Re: BIA Lease #N00-C-14-20-8396
SW1/4 Section 18, T13N, R10W, NMPM

Dear Mr. Lynch:

Enclosed is the Annual Operations Report and a Statement of Expenditures on the above-referenced lease. This accounting statement for the period of December 31, 1983 to December 31, 1984 is a true and correct accounting as to expenditures made on the lease.

We are filing this report early since we have completed the necessary work commitment on the property and do not foresee any further expenditures during this reporting period.

Sincerely,

Toren Olson
Toren K. Olson

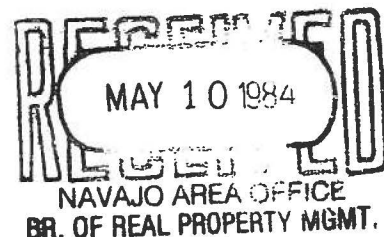
The foregoing instrument was acknowledged before me this 3rd day of May, 1984 by Toren K. Olson.

Deborah J. Wallwork
Notary Public

My commission expires: April 23, 1988

TKO: djw
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Windowrock, Arizona 86515


Re: BIA Lease #N00-C-14-20-8396
SW1/4 Section 18, T13N, R10W, NMPM

Dear Mr. Lynch:

In compliance with our Uranium Lease Contract, Section X, Paragraph 8, concerning the acreage disturbed and rehabilitated, and methods of rehabilitation, the following report is submitted:

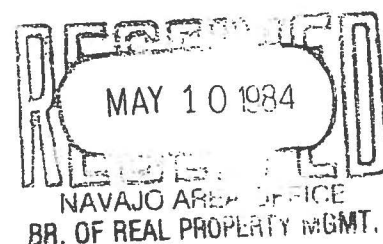
To date, approximately 16.0 acres have been disturbed. Of this disturbed acreage, 40% has been reclaimed by minor re-contouring and plugging of drill holes with cuttings and/or nearby surface material, which is then capped with a five-foot cement plug. The remaining acreage consists of an access and drill road. This year 1248 feet of drill road was constructed resulting in approximately one half an acre of disturbance.

Sincerely,



Toren K. Olson

TKO:djw



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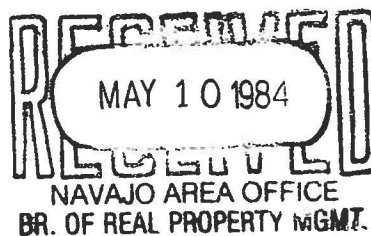
BIA LEASE #N00-C-14-20-8396 1984 Expednitures

D8K Cat (47.5 hours @ \$53.40 per hour)	\$2,536.50
Blasting supplies	50.00

MAN HOURS

Jack Cox (4.5 hours @ \$12.50 per hour)	\$ 56.25
Toren Olson (4.5 days @\$100.00 per day)	\$ 450.00

TOTAL EXPENDITURES:	<u>\$3,092.75</u>
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ANNUAL OPERATIONS REPORT

December 31, 1983 to December 31, 1984

Operator: Todilto Exploration and Development Corporation
Lease Number: N00-C-14-20-8396
Lease Location: SW $\frac{1}{4}$ Section 18, T13N, R10W, NMPM
Lease Acreage: 163.38

EXISTING CONDITIONS

The southwest quarter of Section 18 lies in T13N, R10W, of McKinley County. Access to the area can be reached by three major dirt roads from either Highway 53 or old U.S. 66.

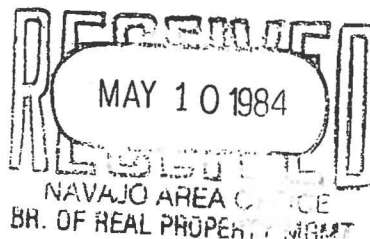
Physiographically, the mining area is in the Colorado Plateau province. The most prominent feature is Haystack Mountain, which has a maximum elevation of 7,833 feet and is a flat-topped elongated mesa. Elevation varies from 6,900 to 7,700 feet.

Geology locally consists of Cretaceous Dakota sandstone, Jurassic Morrison, which includes the Brushy Basin, Westwater Canyon and the Recapture members, the Bluff sandstone and portions of the Summerville formation, all which are restricted to exposures along Haystack Butte. Exposures of Jurassic Todilto limestone and Entrada sandstone are found along a bluff below a bench just south of Section 18. Structurally, beds generally dip from 3⁰ to 50⁰ northeast. Minor east-west and northeasterly-trending normal faults displace beds from 1 to 85 feet.

No surface water exists in or around the southwest quarter of Section 18. Several small arroyos cut the area with general drainage to the southeast. Ground water aquifers are stratigraphically far below any of the mine workings and were not affected by the operation.

The climate is semi-arid, with an average annual precipitation of about 12 inches, occurring mostly as rain in July and August. Snowfall is light and varies between a few inches to one foot with intermittent melting to bare ground most winters.

Surface cover consists of blow sand on the bench area with talus of Dakota sandstone blocks and other unconsolidated formational material along the southeast side of Haystack.



Vegetation is extreme desert scrub consisting of an open, monotonous grassland community with a scattered population of Pinon and Juniper. Wildlife consists of rabbits, lizards, a variety of birds, and an occasional coyote. No known endangered species of flora and fauna inhabit this lease.

Population centers near the southwest, and Grants, approximately 25 miles southeast. Population in the immediate area is approximately 20 people.

An archeological survey was conducted by the University of New Mexico Office of Contract Archeology (#185.16a). A total of eight archeological sites were located during the survey, three of which probably date to the Puebloan phase of occupation, while the remainder date to the Late Historic Navajo Period. The conclusion of the survey stated that there would be no impact on cultural material from the drilling program submitted.

Mineral rights to the southwest quarter of Section 18 belong to Brown Vandever, who was allotted the land from the Bureau of Indian Affairs. The land is used locally by the owners for grazing. Portions of the area have been fenced off for livestock control.

RECLAMATION CONDUCTED

Total surface disturbance to date has been 16.0 acres by surface drilling and drill road construction. Reclamation continues, with minor recontouring of drill pad areas and plugging of drill holes with chips and/or nearby surface material.

REMAINING RECLAMATION

The total lease acreage disturbed to date, but not reclaimed during this reporting period, is 9.5 acres. This remaining disturbed acreage constitutes our drill road and will be reclaimed when it is of no further benefit to our exploration program.

OPERATIONS CONDUCTED

The construction of the approved upper exploration drilling road continued along the east and southeastern face of Haystack Mountain, A D8K cat was utilized in making a 15 foot wide road approximately 1248' in length. The road was stopped

700 feet from the west boundary line (see map 103-007-015-18-D13). Surveying, plotting and mapping of the work conducted finalized this reported year's operations.

LEASE ACREAGE DISTURBED

The total acreage affected by operations described above during the reported period was approximately one half of an acre.